

## Message Text

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71

ACTION AGR-10

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 EB-07 USIA-15

COME-00 TRSE-00 CIEP-02 /065 W

----- 064338

R 191540Z JUL 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8935

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION GENEVA

USMISSION BRUSSELS

AMCONSUL MILAN

UNCLAS ROME 11600

SECSTATE PASS AGRICUTLURE

E.O. 11652: N/A

TAGS: EAGR, EC, IT

SUBJ: SOYBEANS AND SOYBEAN MEAL IMPORT OUTLOOK

REF: STATE 172410 (NOTAL)

1. FOLLOWING ARE BASED ON OCTOBER-SEPTEMBER YEARS (METRIC TONS):

|  | SOYBEANS | SOYBEAN MEAL |
|--|----------|--------------|
|--|----------|--------------|

|  | ----- | ----- |
|--|-------|-------|
|--|-------|-------|

|                    |           |         |
|--------------------|-----------|---------|
| 1974/75 (FINAL)    | 1,178,000 | 442,000 |
| 1975/76 (ESTIMATE) | 1,178,000 | 580,000 |
| 1976/77 (FORECAST) | 1,237,000 | 590,000 |

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2. ASSOCIATION OF OILSEED PRODUCERS AND TRADERS, AS WELL AS

INDIVIDUAL TRADE SOURCES, SAY PRICE WILL ONLY BE MARGINAL FACTOR IN OVERALL ITALIAN IMPORTS OF OILSEEDS AND PRODUCTS, AT LEAST WITHIN RANGE OF 15-30 PERCENT INCREASE. REGARDING U.S. SHARE, MOST IMPORTANT WILL BE DIFFERENTIAL BETWEEN BRAZILIAN AND U.S. PRICES.

3. FOR 1975-76, EC NONFAT DRY MILK MIXING REGULATION HAVING SOME EFFECT IN HOLDING DOWN IMPORTS. FURTHERMORE, ITALIAN IMPORT DEPOSIT SCHEME IMPOSED MAY 6 AND ORIGINALLY EXPECTED TO EXPIRE AUGUST 3, NOW LIKELY TO BE EXTENDED THREE MONTHS. THIS REQUIREMENT THAT IMPORTERS DEPOSIT 50 PERCENT OF VALUE OF IMPORTED PRODUCT INTO NON-INTEREST CENTRAL BANK ACCOUNT IS HAVING NEGATIVE IMPACT ON ALL IMPORTS. LATEST UNOFFICIAL FIGURES AVAILABLE FOR OCTOBER 1975- APRIL 1976 SHOWED SOYBEAN IMPORTS RUNNING 7.4 PERCENT ABOVE SAME PREVIOUS YEAR PERIOD, AND SOYBEAN MEAL 80.0 PERCENT ABOVE. HOWEVER, NEITHER NFDM PROGRAM NOR IMPORT DEPOSIT SCHEME CAME INTO EFFECT UNTIL AFTER APRIL. PRESENT ESTIMATE FOR 1975-76 HIGHLY TENTATIVE.

4. FOR 1976-77, EQUALLY TENTATIVE ESTIMATE ASSUMES THAT EFFECT OF BOTH MEASURES WILL HAVE EVAPORATED, AND NO EC TAX ON VEGETABLE OILS. FIVE AND TWO PERCENT INCREASES SHOWN FOR BOTH BEANS AND MEAL RESPECTIVELY ARE BASED ON IMPROVED OVERALL ECONOMIC SITUATIONS' EVER SINCE DECLINES IN PAST TWO YEARS IN ITALIAN RETAIL SALES OF TABLE OIL PASSING THROUGH COMMERCIAL CHANNELS (25 PERCENT FOR OLIVE OIL AND 8 PERCENT FOR VEGETABLE OIL). ALTHOUGH MARKET PRICES FOR PORK AND POULTRY PRODUCTS HAVE BEEN SLIGHTLY DECLINING IN RECENT MONTHS, OUTPUT OF THESE PRODUCTS EXPECTED TO INCREASE IN 1976 AND GOOD PART OF 1977. BEEF AND DAIRY INDUSTRY DOES NOT TRADITIONALLY CONSUME MUCH SOYMEAL, BUT LACK OF FORAGE DUE TO PRESENT DROUGHT MAY INCREASE AMOUNT OF SOYMEAL CONSUMED IN ITALY. THIS EXPLAINS OUR FORECAST OF HIGH LEVEL OF SOYBEAN IMPORTS, ALMOST REGARDLESS OF PRICES, WITH HIGHER COSTS BEING PASSED ON TO CONSUMERS. SOYMEAL CONSUMED IN ITALY, INCIDENTALLY, ACCOUNTS FOR ABOUT 85 PERCENT OF ALL OILSEED MEALS CONSUMED. VOLPE

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## Message Attributes

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**Disposition Authority:** n/a  
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